



Department of Justice

FOR IMMEDIATE RELEASE
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**U.S. JUSTICE DEPARTMENT AND TEXAS ATTORNEY GENERAL REQUIRE
KIMBERLY-CLARK AND SCOTT PAPER TO RESTRUCTURE \$8.9 BILLION MERGER**

WASHINGTON, D.C. -- The Department of Justice and the Texas State Attorney General obtained a settlement today with two of the nation's largest consumer paper products companies--Kimberly-Clark Corporation and Scott Paper Co.--that will allow the companies to go forward with their \$8.9 billion merger as long as they sell Scott's facial tissue and baby wipes businesses. The Department and the Texas Attorney General's office said that without the divestiture, the companies would dominate the facial tissue and baby wipes markets.

Anne K. Bingaman, Assistant Attorney General in charge of the Department's Antitrust Division, said, "Tissues and baby wipes are used by millions of American families everyday across the country. We can't allow a merger to proceed that could raise prices of these household necessities."

The Department's Antitrust Division and the Texas Attorney General's office filed a joint antitrust suit today in U.S. District Court in Dallas to block the original deal. At the same time, a proposed settlement was filed that, if approved by the court, would settle the suit.

The Department said that a combination of Kimberly-Clark and Scott would control nearly 60 percent of sales of facial tissue

and more than 55 percent of sales of baby wipes. The deal as originally proposed could enable the companies to increase prices to consumers and substantially reduce competition in the \$1.34 billion market for facial tissue and the \$500 million market for baby wipes, the Department said.

Kimberly-Clark of Dallas, makes Kleenex, the nation's leading brand of facial tissue, and Huggies, the second leading brand of baby wipes. Scott Paper of Boca Raton, Florida, makes the third leading brand of facial tissue, Scotties, and two of the country's best selling brands of baby wipes, Baby Fresh and Wash-a-Bye Baby.

Kimberly-Clark and Scott agreed to divest:

- Scott's baby wipes and facial tissue brands.
- Scott's Dover, Delaware, plant used to make Scott baby wipes and other products.
- A maximum of two of four tissue mills: Scott's mills in Marinette, Wisconsin, and Ft. Edward, New York; Kimberly-Clark's Lakeview mill and Badger-Globe mill, both in Neenah, Wisconsin.

Texas Attorney General Dan Morales said, "The consent decree, by requiring the parties to sell the Scott baby wipes and facial tissue businesses to a new firm, will ensure that the markets for facial tissue and baby wipes remain competitive, and the prices for these products reasonable."

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during a 60-day comment period to Anthony V. Nanni, Chief, Litigation I

Section, Antitrust Division, U.S. Department of Justice, Suite 4000, 1401 H Street, N.W., Washington, DC 20530 (202) 307-6583.

At the conclusion of the 60-day comment period, the federal district court in Dallas, may enter the consent decree upon finding that it serves the public interest.

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